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OHIO STATE UNIVERSITY

# THE CREDIT WORLD

*The Official Organ of the*  
**RETAIL CREDIT MEN'S  
NATIONAL ASSOCIATION**  
*Incorporated*

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*The Only Magazine in the World  
Specializing in Retail Credits*

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SEPTEMBER  
1925

**"Pay Your Bills Promptly" Week, Oct. 25-31, 1925**  
**Let's All Pull Together and Make It A Success!**

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# The Incomparable Statement and Ledger System for the **RETAIL STORE**

**T**HE New Remington Twin-Cylinder Statement and Ledger Posting Machine has been designed in response to an urgent demand by retail store executives and is built according to their specifications. Every feature of the machine is designed with special reference to the work to be done, and these results are attained in the swiftest, most efficient, most economical way.

This new machine furnishes all of the time and cost-saving superiority of the unit plan, for the statement is written and the ledger posted at one operation. At the same time it supplies exactly the kind of record that the retail store wants—a detailed statement in duplicate and an original condensed ledger—a dual result without the expense of a dual operation. The old carbon ledger, with all its super-

fluous details, is eliminated. Every computation and every proof required in combined statement writing and ledger posting is secured in the simple act of writing the entry—a triumph of time, labor, and cost saving. Ledgers are always balanced, total outstandings always shown, and statements always up-to-date and ready for prompt mailing.

From every point of view, whether of completeness, convenience, accuracy, or time and cost saving, this is the bookkeeping system for every retail store—and the best system for YOU. A demonstration will prove this beyond doubt or question.

We will be glad to give this demonstration on your own work, without obligation to you. Write or phone us, or our nearest branch office.

REMINGTON TYPEWRITER COMPANY  
Bookkeeping Machine Department  
374 Broadway, New York—Branches Everywhere

## New Model 23 REMINGTON TWIN-CYLINDER BOOKKEEPING MACHINE



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# THE CREDIT WORLD

*Official Organ of the*

RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

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## EDITORIAL

### "Fake" Reporting Bureaus and Worthless Collection Systems

**W**HY will retail merchants and members of our Association continue to give business to credit reporting agencies which do not give dependable service? For every cent saved in the cost of reports they are losing dollars in worthless charge accounts. We can prove this statement!

The members of our Service Division, including both private and merchant-owned bureaus have stood examination, passed the test and are accredited reporters. Their service may cost more but it pays in the long run. Retailers should consider a reporting agency's advice on credit in the same light as an attorney's counsel on legal matters. It doesn't pay to be niggardly regarding reporting service. If you want the best service you must pay a fee that will enable the bureau to give that class of service.

With the growth of credit and the lack of credit education of merchants there have developed thousands of collection schemes, ninety per cent of which are worthless. They are simply book or system selling plans with no backing whatsoever and the only ones getting returns are the high pressure salesmen who buy these books and systems for two or three dollars and sell them to thoughtless merchants at \$25.00 or \$50.00. They usually offer wonderful guarantees, yet the contract is almost always worded so there is no legal recourse if they fail to perform.

It was to offset these worthless systems that we issued our 4-Point Collection System, a series of three collection letters on the stationery of the National Association. It has back of it our reputation, our membership, our integrity and our ability to follow up collections through our accredited representation. Your Board of Directors gave the matter serious thought before taking the responsibility of publishing this system, but felt the thousands of dollars being wasted annually upon fake systems justified the step.

Our system in no way interferes with local collection arrangements. It is to be used only after all local efforts fail. Then we approach the debtor from a national standpoint.

Members, let us develop the most efficient credit association the world has ever known by giving our loyal 100% support to our Reporting Bureaus and Collection System, including our Tracing Department. Don't follow the "will o' the wisp" light of "something for nothing" promises, which you know in your heart, can't be fulfilled. Credit managers are judges of character and students of economics, or should be, and they should not "fall" for cheap service and big promises.

*David J. Woodlock*

# The Secretary's Page

## Do the Statutes of Limitation run While Debtor is out of State in which Debt was Contracted?

Following is an opinion rendered by our Counsel Lawrence McDaniel of St. Louis on case submitted where debtor moved from Illinois to Oklahoma.

The law is well settled in this country that "the statute of limitations in the country in which the suit is brought may be pleaded to bar a recovery on a contract made out of its political jurisdiction, and that the statute of the place where the contract was made cannot be so pleaded."

If, according to the enclosed letter, the debtor purchased goods in Quincy, Illinois, and then removed to Oklahoma, after a residence of three years in Oklahoma he could plead the Oklahoma statute of limitations as a bar to a suit brought against him in Oklahoma by the creditor, and it would, under the law, be a bar to the action. However, you must bear in mind that while he is out of the State of Illinois the statute of limitations of Illinois does not run against him and in the event of his return to that state, judgment may be had against him and he could not in Illinois plead the statute of limitations of Oklahoma.

In general, statutes of limitations are considered as municipal regulations founded on local policy which have no coercive authority abroad and with which foreign jurisdictions have no concern, and hence the general rule is that in respect to the limitations of actions, the law of the forum governs. For instance, under the law of Oklahoma, action must be brought in Oklahoma on a judgment from some other state within one year, otherwise said action is barred by the statute of limitations. *Stockham Bank vs. Weins*, 12 Okla. p. 502; 71 Pac. p. 1073.

## Spread Warning on this Check Worker

The Cleveland Bureau has repeatedly warned, locally and nationally, on the professional check worker known to police as Myer Lehman, alias Harry Jacobs. Yet he continues on an uninterrupted spree of paper kiting. This is

costing merchants and manufacturers considerable money and it is about time he is captured.

Lehman is about 54 years of age, 170 to 180 pounds, 5 ft. 9 in., dark complexion, dark hair, and Hebrew features. Usually wears his hat (often a derby) well back on head. Smart business-like talker and very familiar with all lines of business. Represents himself as member of firm or one of family of merchants in some distant city. Springs his need for money (always after banking hours) after he has had much talk with his victim on matters pertaining to the business.

He has used various names among which are A. Litts, Jr.; M. J. Baker; Wm. Filene; David May; J. H. Dorsey, H. I. Levy, L. J. Bauman. One name is as good as another with this crook. It is the hand writing and his description that count.

The facsimile of a hand bill gotten out by the Cleveland Police Department is shown on another page which gives a complete description of him as well as several samples of his hand writing.

## Resolution Adopted by the Controllers Congress

At the Convention of the Controllers Congress of the National Retail Dry Goods Association held in Dayton, Ohio, the following resolution was adopted:

*Whereas*, This Convention received from the Retail Credit Men's National Association, its kindred organization, a message of greeting, and advice of a change of its annual meeting date in deference to the wishes of this Congress, and

*Whereas*, This Convention was honored by the presence of an address by Mr. David J. Woodlock, Secretary, R. C. M. N. A.

*Be It Resolved*, That this Convention, through its Secretary, vouchsafe to the R. C. M. N. A. the hearty thanks of this Congress and the appreciation of the spirit of cooperation shown which this Congress will always cordially reciprocate.

Very truly yours,

(Signed) PETER F. JENSS,  
Secretary-Treasurer.

## Pay Your Bills Promptly Week, October 25-31, 1925

Already the Pay Your Bills Promptly Publicity Campaign for 1925 is in full swing.

The Week of October 25-31 has been designated as Pay Your Bills Promptly Week and Second Vice-President Meyer who is handling this work has started out with a thoroughness that promises wonderful results.

A series of newspaper advertisements is now being prepared for use in representative newspapers throughout the country and much other publicity work is being planned.

Local Secretaries, Merchants and Credit Men everywhere are urged to get behind the Pay Your Bills Promptly Week movement and reap the benefits of a better understanding of retail credits on the part of their buying public.

See the full page announcement elsewhere in this issue.

## Oklahoma Supreme Court Knocks Out Garnishment Law

The Supreme Court of Oklahoma have ruled that wages earned in last ninety days, if made for support of family could not be garnished. The old law had been in effect for ten years and had the backing of the entire credit organization of the state, but the Supreme Court unexpectedly took the teeth out of the law.

Our members in Oklahoma are determined that they will organize, and with the backing of the retail merchants of that state put over a law which will adequately protect the retail credit granter. It would be well for members in other states to pay some attention to garnishment laws and, where Local Associations exist, see that a committee is appointed to safeguard these laws. If they don't afford the retailer the protection he should have, make the necessary amendments and put them through the Legislature.





# THE CREDIT WORLD

September, 1925



## The Collection Agency Bugaboo

By Leop. L. Meyer

Credit Manager, Foley Bros. Dry Goods Co., Houston, Texas

That the giving of credit is a science, none but the uninformed will venture to deny. As a matter of fact, to those who are studying credit, especially retail credit, as a profession, the element of science in the giving of credit is so complex that even the best informed are coming to appreciate how little they know about it. Only the rudiments are being mastered at this late day.

Credit as a profession involves numerous varied activities, and I should enjoy discussing the primary element—the actual extending of credit. However, I shall defer such until a more convenient moment and confine my remarks at this writing to the *ad extremum* in the game of credits; the attempting to effect payment of an account through the medium of a collection agency.

What is a collection agency? According to common understanding it is a party or combination of parties operating at all times within the law for the purpose of collecting accounts, generally of questionable value, through systematic procedures of graduating stress and resorting to the instrument of the law only as a final resort for protection to a client against the loss of the account by outlaw.

The efficacy of the collection agency is well understood. As long as there shall be any such practice as that of giving credit, so long shall there be those who will attempt to evade payment of their just debts. This class is a natural contingency in business and must be dealt with more severely than the ordinary delinquent. It is presumed in submitting an account to any agency for collection that a more stringent and systematic follow-up will be applied than is practicable or ethical in an ordinary commercial credit department. The thinking credit man surrenders to the agency at the moment he begins to feel that the amount of attention necessary in the collection of an account might be better invested in some other account not yet so far gone. As a matter of fact, the collection agency has come to be con-

sidered absolutely necessary to credit departments as such.

Upon this latter hypothesis it would seem only natural that credit men would interest themselves keenly in the conduct of collection agencies. However, as that



LEOP. L. MEYER

interest has not been generally evinced it is my purpose herein to remind the credit man of his moral obligation of the future.

As a matter of fact, collection agencies in general are in disrepute at this moment. This condition is attributable to the fact, already referred to, that the collection agency is a necessary adjunct to the credit department. As a result hundreds and possibly thousands of otherwise unfitted persons have resorted to this field of endeavor for livelihood. The majority of these so-called collection experts are nothing more than incompetents who are grasping at any straw to save themselves from the scrap heap of human failures. Seventy-five per cent of those who are operating agencies at this very moment are unfit for even very secondary positions in well conducted collection departments of representative institutions. I am frank to admit that in many instances they are not cognizant of their incapacity for the work they have undertaken but are labor-

ing under the false impression that any one can fill the bill.

Naturally, men of this character are without means and cannot promote their business according to commonly accepted methods. Their stock in trade is their ability to wheedle accounts for collection out of uninformed and unsuspecting business men who are, more often than not, of small calibre themselves. The agencies do not prosper—it isn't in the cards—they don't know the game. As a natural consequence the agencies appropriate to their own ends, funds belonging to their clients. Prosecution for fraud or skipping town is the next order of business.

There is still another and more dangerous class of persons who enter the collection game. They are crooks of the first water. They have some means, and deliberately operate with intention to defraud. As a rule they inveigle the unsuspecting credit man into signing up some sort of contract, fees to be assessed upon a graduating scale, according to collection procedure adopted. Naturally, the most drastic method, bearing the highest fee is resorted to and the client is not only penalized to the limit when returns are made by the agency, but a wide-spread bad will is created. I may mention also, that experience has shown that most of the collections are never reported, except under pressure.

What is the effect of such operators upon legitimate agencies? The answer is easy—"a burnt child fears the fire." Merchants and credit men have learned to be skeptical of even the most substantial agencies. The very term "collection agency" is a synonym for doubt. Accordingly, hundreds of thousands of dollars, easily collectible, are being lost annually because merchants are attempting to make collections of a character for which they are not qualified because of the technicality of procedures involved. And furthermore, responsible agencies, as a result of this general im-

pression, are being deprived of a flow of business which might be rightfully expected.

The dangers lurking in the path of the careless or irresponsible agency are manifold, not only for the agency but for the merchant. The merchant must continually bear in mind that he is responsible in the eyes of the law for whatever infraction of the law the agency is guilty of. In the assignment of an account, the merchant does not relinquish his claim on the account, and cannot, therefore, gainsay responsibility for his agent's actions or escape liability in case of damage, any more than he could in the case of his own office collection manager. The agency cannot plead ignorance of the law and thereby protect the merchant. "*Ignorantia legis neminem excusat.*" As a precaution and as an alibi the wise collection agency affords every debtor an opportunity to deny responsibility for an account or to prove that an account has been paid, or to explain that it has been justifiably disputed. It is only after that point of safety that actual collection proceedings are instituted. The failure to so proceed may prove disastrous, for damages may be collected in cases of proven malice when collection by publication, garnishment, or "third party" proceedings are resorted to. *Cotton vs. Cooper*, 209—S. W. 135 and *Burr vs. Cardiff*, 75 S. W. 341.

There is another contingency to be borne in mind as regards the activity of an unbusinesslike agency; the loss of good will. Any thinking business man will capitalize the good will of the public and that good will should be saved from jeopardy just as is the cash in the bank or the merchandise on the shelves. When a firm's accounts are too often mishandled and subjected to drastic action through the courts or otherwise, the fact is soon observed by the charge buying public which soon becomes skeptical of the firm that handles its customers in such a rough-shod manner. Such a firm quickly gains a reputation for cold bloodedness, which is most harmful.

There is, by way of information, a prevalent misunderstanding of the functioning of a collection agency, as well as of the potentialities of a collection agency, by many merchants and credit men. To this may be attributed the wholesale ravaging of the field of collections by irresponsible persons. To begin with, it is customarily presumed that "hard boiled" methods of collection must be employed. On the contrary, the real collection agency attempts to effect payment of an account by only the mildest and most clever procedures. The conscientious agency construes its function in the most literal sense—it is the agent

of its client. It places itself figuratively in the position of the merchant and adopts the methods which it feels the merchants would approve.

Its requests for remittances embody all that associated credit men attempt to teach, namely: respect for the moral obligation. Psychological appeals are made with respect to fair play, character, pride, and the law of compensation. Practical and convenient means and manners of liquidation, as regards particular accounts, are devised and suggested to the recalcitrant debtor, and except, in the case of the bred-in-the-bone "deadbeat," these methods are productive of the desired results. With the deadbeat—and the determination of this class is a possibility—the other more stringent means of collection, such as employing the supplementary proceedings (ordinary attachment or garnishment), according as various states permit, may be resorted to. But it is only after every amicable means of collection has been exhausted that such drastic actions are taken.

It is for that reason, that in those cases in which the most brilliant successes in collections are being noted, men of the highest calibre are in charge. Men with trained minds have entered the field and their presence and pressure are being felt. They have studied the game scientifically; their training in business and in the law is being applied, and their experience is being capitalized. In many of the more highly developed agencies, exceptional credit department methods are being employed in the conduct of the business. Besides obtaining for their clients the best results in dollars and cents there is the automatic elimination of the terrible hazards attendant upon the procedures of the unreliable agencies.

There isn't a credit man in America today, who is, in the writer's opinion, too big for the collection agency profession, requiring as it does, a knowledge of every tenet and technicality of the credit game. In another five years, when this latter fact is realized more generally, there is no doubt that the most efficient and highly educated credit men in the country will be attracted to the collection agency, as a most remunerative means of livelihood. When that comes to pass the filling of credit-manager positions will be done from the understudies of collection agencies, as the actual experience and training procurable in the high class agency could not possibly be acquired in any other school of training.

There is a certain potential function of the collection agency which is seldom given consideration, that is, as far as general collection service is concerned. There are a great many small businesses necessarily extending credit, which are

not able to afford either a credit man or even a combination credit man and bookkeeper. Credit losses to such firms are large in proportion to volume of business done. The collection agency might solve the problem of this class of business by accepting for collection, for a legitimate fee, all open accounts. This service would extend to the handling of the accounts from beginning to end, in line with the policy of the concern for which the agency is acting.

It strikes me that this is a fine field for expansion and would serve to rebuild the faith of the public in the efficacy of the collection agency. It would also constitute a source of revenue to the agency and effect a substantial saving to the small dealer. Of course, this latter arrangement is conceivable only when dealing with a thoroughly reliable agency. It's up to the agency to convince the merchant on that score.

The existence of the responsible collection agency being most justifiable, the eradication of the irresponsible agency is therefore an obligation of the credit men. The evil from the latter must be destroyed before the good possible from the former may become a reality. The reliable collection agency deserves the protection of the profession of credits, of which it is an integral part, and that protection involves more than toleration—it involves cooperation.

There are two means of solving the problem. First and foremost, the live wide-awake credit men of every community should organize to wipe the unreliable agency out of existence. Wherever possible, the services of the Better Business Bureaus, Protective Associations, or Merchants Associations should be enlisted in the cause, and investigations into the activity of the various collection agencies be forced. The agencies in defense of themselves should be compelled to give evidence, substantial evidence, of their right to exist. The agencies themselves should bear the burden of proof. Their procedures should be subjected to examination and be approved or rejected. Where fraudulent procedures are detected prosecutions on fraud orders should be instigated.

Nor is this suggestion the hallucination of a pipe dreamer. In the writer's own community this course was adopted. The offender was not only indicted but was given a two year sentence. He had broken the laws of business as well as the laws of the land and was subjected to the laws of compensation. This particular offender was no worse than thousands of other would-be collection agents, and it is pathetic that long prior to this late date there have not been more prosecutions.

(Continued on page 24)

# A Standard Method of Accounting For Retail Stores

By Theo. L. Blanke, Director of Accounting and Control, Controllers' Congress

Address Delivered at the Thirteenth Annual Convention of the R. C. M. N. A.,  
Minneapolis, Minn., June 9-10-11-12

I know of no single agency that has contributed more toward the development of sound retailing than the credit men and their organization. The Controllers value very highly the work you have done. Many of our own members have been recruited from among your ranks, and while we have been, we believe, in close touch with your progress and development, we want to become closer associated with you. There are very serious problems confronting the retail trade today that require the closest possible cooperation among all of us.

You, as our good friends, are ready, and I know able to help in the great task of still further demonstrating to retailers the possibilities of more efficient store operation. We can help them reduce expenses, diminish their losses, and decrease the number of failures; thereby performing a service not only to the merchants themselves, but to every man, woman and child trading at our stores.

Your presence here demonstrates your conviction that a wealth of information and a tremendous amount of good can be accomplished by associations and their conventions, and I am delighted to have this opportunity of coming here and telling you briefly of the work we are doing. We have devised a Standard Method of Accounting for Retail Stores, developed the Retail Method of Inventorying, and have made intensive research studies and issued reports on Insurance relating to retail stores, Inventory Shortages and their Remedies, Budgetary Control of Expenses, Merchandise Stock Control, Perpetual Stock Records, Wrapping and Packing Material, and Compensation Methods.

The Standard Method of Accounting has given merchants a uniform classification of their expenses. It has laid out for them definitely a place where each item of expense belongs and has given them a measuring stick that will enable them to talk intelligently to their fellow merchants regarding expenses. The majority of our members have already adopted the system, and in a very short time we hope to be able to secure comparable figures on all classes of store expenses. At present, there is a much-to-be-regretted lack of information as to departmental expenses.

We believe that by the end of this year enough stores will have been operating under the new system to make possible the collection of dependable statistics. May I suggest to you the desirability of a joint questionnaire and report on the cost of operating credit, collection and accounts receivable departments?

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**Are you interested in improved methods of retail accounting, store operation, and the prevention of loss and waste.**

Mr. Blanke here tells of efforts of the Controllers Congress to standardize retail accounting practices, which will be of particular benefit to credit grantors.

He also tells what they found in their researches on many interesting and important problems affecting the Retail Store Owner and the Retail Credit Man.

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The matter of insurance has received the attention which a so important subject deserves. Our Insurance Committee has done, what we believe, a splendid piece of work in their Insurance Manual. The Manual explains this important subject so that it is no longer a mystery, but understandable to anyone. As an example, Use and Occupancy Insurance has been a source of worry and uncertainty to every store man. It has always been a gamble, because the insured did not know what his coverage consisted of and in many cases was under-insured. Under the new form, written by the Committee on Insurance, of the Controllers' Congress, not only has the cost of this insurance been reduced fully 25%, but proper estimates of what expenses will go on if the store is destroyed and what salaries will be needed to maintain the organization are readily made.

We have also made extensive studies as to the construction of safes and vaults for the safeguarding of records. And this includes the protection of customers' accounts. Is this not an outstanding weakness at the present time? Should the huge investment in charge accounts

remain uninsured against fire loss? We are jointly interested in this matter. It is amazing, yet a fact, that in the case of the big Shepard store fire in Providence customers immediately stopped paying bills when it was rumored that the books had also been destroyed. Had the charge ledgers not been saved, who can say how much they would have been able to finally collect on their accounts? This is a vital question that should force consideration of proper coverage for book accounts at a reasonable cost. This is another instance, I believe, demanding close cooperation between us.

These are matters that the individual merchant cannot by himself remedy. National Associations, such as yours and ours, must do the work.

Before the war, retailers were practically unknown from a national viewpoint or in a national way. The National Retail Dry Goods Association, which is the parent body of the Controllers' Congress, is now more than fourteen years old. Prior to the war it had a membership of a little more than four hundred, now it has approximately two thousand. Then the Association formerly could not accomplish for its members what it now can. Today, being representative of the retail dry goods and department stores throughout the country, it can voice the retail merchants' opinions as you can rightly voice the credit men's opinions.

It is our duty, therefore, to protect the interests of our members in the matter of insurance, governmental measures and regulations that are unjust, and in every other way.

Should this obligation to our stores not also include an obligation on our part to prevent losses, within the craft itself, wherever possible? Has the fact that losses through business failures have averaged over two and one-half billion dollars a year for the past five years anything to do with the increased cost of living? There has been a rise in index numbers from 163, in August of last year, to 170, in March, of this year, a rise of a point a month.

If waste and preventable losses are causes of failure in business, and business failures a contributing cause of the

(Continued on page 23)

# Leading Department Stores



L. S. Ayres & Company, Indianapolis, Ind.



J. L. Hudson Company, Detroit, Mich.



Lord & Taylor, New York, N. Y.



Marshall Field and Company, Chicago, Ill.



Jordan Marsh Company, Boston, Mass.



Younker Bros., Des Moines, Iowa

# Throughout the World Use National Charge Phones

**H**UNDREDS of prominent department stores all over the world use the National O. K. Charge Telephone system for authorizing their charge sales. Among them are the leading stores everywhere. All are convinced that it is the fastest, most convenient and accurate way to authorize charge sales.

**A few of the world's leading department stores  
that use National Charge Phones**

Selfridge's,  
London, Eng.

Harrod's,  
London, Eng.

Myers',  
Melbourne, Australia

Stuttaford & Co.,  
Cape Town, S. A.

David Jones,  
Sydney, Australia

Hudson Bay Co. Stores,  
Canada



National O.K.  
Charge Phone

Gilchrist Co.,  
Boston

Woodward & Lothrop,  
Washington

Shepard Stores,  
Providence

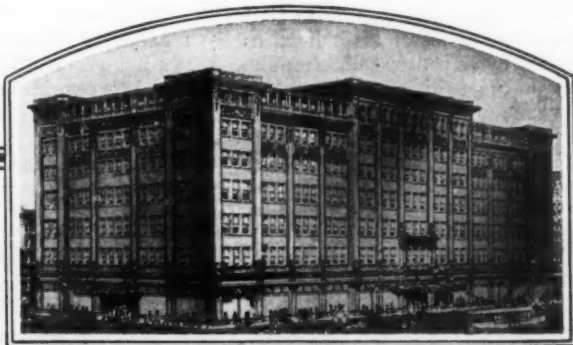
City of Paris,  
San Francisco

D. H. Holmes Co.,  
New Orleans

Dayton Co.,  
Minneapolis



The May Company, Cleveland, Ohio



J. W. Robinson Company, Los Angeles, Calif.

er Company, Dayton, Ohio

# Evils of Bankruptcy Practice and Suggested Remedies

By Henry Deutsch, Attorney, Minneapolis, Minn.

*Address Delivered at the Thirteenth Annual Convention of the R. C. M. N. A., Minneapolis, Minn., June 9-10-11-12*

When we speak of the evils of the bankruptcy practice, we necessarily must consider that those evils are the results of certain sins committed by certain groups of individuals, and in classifying those sinning groups, I name them: first, credit men; second, the debtors; third, the lawyers, and then in a little remote degree, perhaps, the officials of the courts, who are entrusted with the administration of the bankruptcy law.

I made myself very unpopular about a year ago in suggesting that it was possible for a credit man to do any harm or evil, and for a while I was quite pleased to think that the standard of your profession was such that you were without fault and without sin. In fact, I wondered how it was that your wings hadn't sprouted, and that you still remained with us here on earth.

Now, before we consider the evils of the bankruptcy practice, I will take the risk of assuming that some of you are not wholly familiar with the purpose of, and the reason for, the bankruptcy law. I want to digress just a moment to give you the idea of it.

The bankruptcy law was intended to accomplish two things. First, to enable an honest man, an honest debtor who found himself overwhelmed with his obligations, to turn over to his creditors all that he had; doing the square, fair and honest thing, and then to secure through the agency of the Government, represented by its courts, a clean slate by a discharge of all of his obligations in the bankruptcy court; and, secondly, to insure to the creditors a thing which did not happen before, that whatever property the bankrupt might have should be distributed, not to the man who was agile and alert and first on the ground, but fairly and honestly and, therefore, equally between all his creditors.

If we could have the bankruptcy law carried out in its entirety, as well as in the attempt to carry it out to the letter, I know of no piece of legislation written upon the statute books of our Government that would be more beneficent and better in its effects than that bankruptcy law. But it seems to be an unfortunate fact, particularly in this great country

of ours, that we so dearly love, that the making of a law furnishes an occasion for a group of men who are primarily, and I might say professionally, interested in finding some way by which that law can either be evaded or broken with impunity. The bankruptcy law has been no exception. In fact, I might say it involved a large share in equal measure the brilliancy of efforts to evade and break a law of the country.

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**What three classes of sinners cause the evils of bankruptcy practice?**

**How can these evils be corrected and what has already been done to correct them?**

**Mr. Deutsch knows whereof he speaks and gives here some thoughts and facts which will be of great value to retail credit men.**

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Now, what actually happened with reference to the bankruptcy law which constitutes its evils, and has a tendency to almost nullify its original spirit and purpose? In the first place, speaking from the standpoint of the debtor, what happened was this: A lot of dishonest men, both small and large "fry," found the way to use the law, for the purpose of enriching themselves by enabling them to defraud their creditors.

I haven't time, this afternoon, to go into a minute detailed discussion of the various expediences that were employed and are employed today by dishonest debtors. However, if I could tell you about them as is indicated in the very voluminous reports made by the Merchants Protective Association of New York City, I think the majority of you people here in this hall would hold up your hands with the utmost incredulity and doubt that such things as occur in New York and some of the other large centers could be possible in this state and stage of civilization in which we take so much pride. Suffice it to say, there has not been any sort of plan that hasn't been adopted and worked successfully by dishonest debtors to first secure a

large extension of credit, and, secondly; be relieved of the obligation of paying their bills.

In New York it is not an uncommon thing (I don't want to single out New York as the only one, but it is a typical example) for debtors to enter into collusion with their relatives; perhaps, sometimes with their principal creditors; with their attorneys or the attorneys for the creditors. By these means a debtor has secured a tremendous amount of credit and turned his credit into coin, and eventually defrauded and deprived his creditors of anything except a most infinitesimal part of it.

We have the collusive bankruptcies, the bankruptcies which were instituted by the means of assignment of claims and by so many other different arrangements and expediences that it would take hours, perhaps, to enumerate them.

The fact remains that the operation of the bankruptcy law, in some instances, has worked for good, undoubtedly, but the net result has been a loss which has been estimated at millions, if not billions, every year to the credit fraternity.

We have also the further fact that in many, many instances credit men have been selfish enough to forget the interest of their fellow credit men and use the law as an advantage to themselves and their private interests, thus defeating one of its primary purposes; that of securing equal distribution of the assets of the bankrupt among all the creditors.

Then beyond that, we have, unfortunately, from the standpoint of my profession, the undoubtable fact that the bankruptcy law has been used for the purpose of enriching certain members of the legal fraternity who have lost all respect for their professional ethics and standards and respect for themselves and fellow practitioners, and have indulged in certain practices which have cast a slur and indignity upon the other members of the profession. Their principal work has been in the depletion of estates by the obtaining of ordinances and unpermissible fees and exactions; by encouraging litigation; by postponing the final closing of estates; by engaging in the attempts to defeat claims on purely

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fictitious grounds; and, in general, to use their ingenuity and their brains, such as they call them, in endeavoring to run the bankruptcy estate for the benefit of their own pocketbooks.

The net result has been this: Instead of the expected fruitage and advantages of the bankruptcy law to the credit man, and those whom he represents, in the way of increased and enlarged returns of dividends from the bankrupt estates, experience has demonstrated that the amount realized today from bankrupt estates is less than before the bankruptcy law went into operation. I may be mistaken as to that, but that is my general impression.

As I recollect it, in the report of our most active Credit Association here, the returns on the administration of estates in bankruptcy were something like 19%, and in trust estates, something like 35%. The net result has been an enrichment of certain groups of lawyers who, in New York City, are known as the "Bankruptcy Ring." Also, in Philadelphia and other cities, dishonest debtors escape with the fruits of their fraudulent and dishonest practices.

The encouragement of these practices, which enabled those debtors to start in business and carry on the same vicious circle with the repetition of previous experience, and the growth of a group of men in the legal profession who have lost sight of the fact that it is a profession and consider it merely a business (and a business that is lacking in many of the standards that ordinary business still subscribes to) are other results.

I said that these evils of the bankruptcy law were the results of sins of three classes. I have indicated the sins of the lawyer in a way. I have indicated the sins of the dishonest debtor—the bankrupt—and now I am going to say just a brief word about the sins of the credit men, and suggest some remedies for these evil practices.

I know by your program that you have covered almost all the phases of the credit man's activities, and yet there is nothing on the program that I see which indicates that you consider the ultimate fruitage of your activities: getting the money. That, I take it, is a subject that is very near and dear to the heart of every credit man, because he is responsible to a degree in regard to that part of his organization's business. He is interested when goods are sold and credit is extended, to know that the goods are going to be paid for. Wherein does he commit a sin in this respect?

In the first place, perhaps, he is not blamed so much because he is subjected to this constant pressure of the sales

(Continued on page 20)

## THE • CHOICE • OF • AMERICAN • BUSINESS



### Business facts—*always visible* in the L. B. Speedac *Because of perfect alignment of the cards*

AS a commanding general reviews his troops, so the modern business man reviews business facts in a visible file.

But visible files, like troops, attain varying degrees of perfection. The cards in many files, like a squad of raw recruits, soon lose their alignment. They slip out of place, hide themselves—or hide others. Pertinent facts are lost in the shuffle—gone when most urgently needed.

But every card in the L. B. Speedac, like a West Pointer, remains perfectly and permanently in alignment. For, unlike any other visible record file, the cards are held on rigid, durable card carrier bars. This insures greater speed in finding desired information, for there is never a hidden

card in this perfected visible file.

Especially in records which are referred to constantly—such as credit records, sales records, stock records and card ledgers—this perfect, permanent visibility is an important factor.

And perfect visibility is but one of the 8 major superiorities of the L. B. Speedac. It was the 8 major superiorities that led six trained engineers of a large public utility and the world's largest department store to select the L. B. Speedac.

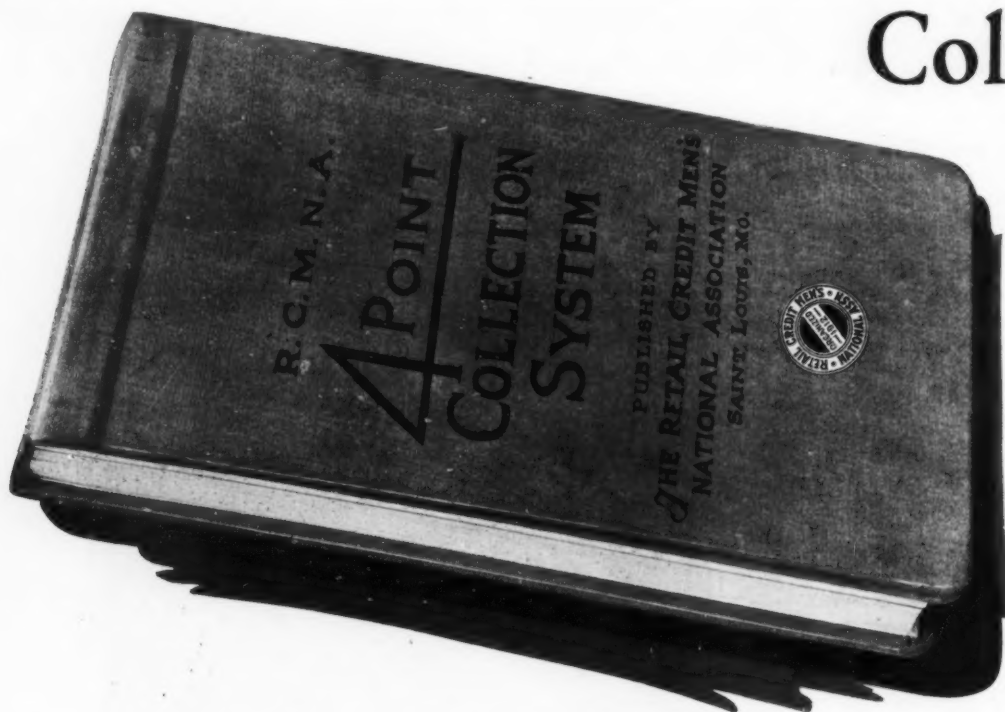
Call at the nearest of our 54 salesrooms for a personal demonstration of this perfected visible file. Or write for interesting illustrated booklet, "New Eyes for Business". It outlines the fundamentals of the L. B. Speedac and its tonic effect on your card records.

Home Office: 230 Albany St., Cambridge, Mass. Salesrooms: 54 principal cities of United States, France, England. Factories: Cambridge, New York, Chicago, Ilion, N. Y., New Orleans, London.

# Library Bureau

Founded 1876

Speedac visible file for every business



## A Loose Leaf, Perpetual System

Here, assembled in handy, loose-leaf form, is the complete 4-Point Collection System, consisting of the three collection letters and the claim forwarding blank shown at the right.

The three letters will collect the majority of your old accounts, and you have the privilege of reporting to us, on the Collection Forwarding Blank, such accounts as these letters fail to collect. These accounts we will turn over to our bonded local Association or collection bureau in your locality for collection at regular rates.

Being loose-leaf, this is a perpetual system. There are enough letters in the book to collect one hundred accounts and additional letters can be bought (at nominal cost) and inserted in the book as needed.

This system is sold to members for the bare cost of production. And, having the backing of this Association it is far more effective than so-called collection systems selling for three times the price. We have no "contracts" full of glittering promises—no brass-band selling tactics. Instead, we offer you a proven practical collection system built to fit YOUR NEEDS and sold to you at rock-bottom price.

Order this system now! You can't lose if you follow instructions. The collection of one small account will bring your money back.

**Price \$10.00 Postpaid**  
**Use the Order Blank Below**

Retail Credit Men's National Ass'n  
Euqitable Building, St. Louis, Mo.

Enter my order for one complete R. C. M. N. A., 4-Point  
Collection System. Send bill for \$10.00 to the address below.

Name \_\_\_\_\_

Title \_\_\_\_\_

Firm Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

### What It Contains

1. One hundred No. 1 Letters as shown on next page. This first letter gets the money on most old accounts. Notice how it is arranged so you can fill in your own name and address. Notice, too, that the postscript instructs the debtor to make all payments direct to you.
2. Seventy-five No. 2 Letters. This letter demands immediate action from your debtor.
3. Fifty No. 3 Letters. No. 3 is a definite final notice that unless your account is paid in ten days, our attorneys will take action to collect your account.
4. Fifty Collection Forwarding Blanks. On these blanks you are to send to us (OR TO YOUR LOCAL BUREAU IF YOU PREFER) detailed information on such accounts as the letters fail to collect. These we immediately forward to our bureau in your locality (if we have one) or to our nearest bonded attorney who will make collection on the usual collection fee basis.

### Other Material

A complete instruction sheet is included with every system. Also a valuable appendix, chock-full of important information, "Things the Credit Man Should Know." A complete digest of the laws of the various states, covering bankruptcy, garnishments, mortgages, judgments, exemptions, etc.

A convenient, easily accessible display of all forms commonly used in credit and collection procedure—including standard application blanks, lease or conditional sale contracts, chattel mortgages, bankruptcy "proof of debt" forms, etc.

# Your Old Accounts With Money-Getting Stem

the perforated stub right, to be filled in, torn off, and re-attached in your files for your record.

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**No. 1**

Fill in this stub, tear it out, and file in your file as it will come up ten days after this letter is mailed.

**COLLECTION RECORD**  
(Letter No. 1)

Name Mr. John Doe  
Address 5010 So. Main Ave.  
Amount \$44.62  
Letter No. 1 sent April 30, 1935

**Service Division**

**Retail Credit Men's National Association**

Local Organization and Members in all parts of U.S.A.

Executive Office  
Saint Louis

**Collection Department**

April 30, 1935

Referring to account of:  
Smith, Brown & Co.  
1402 Blank Avenue  
St. Louis, Mo.

Amount: \$44.62

Mr. John Doe  
5010 So. Main Avenue  
St. Louis, Mo.

You are indebted to the member of this Association whose name is shown above, for the amount indicated. This account is past due, in fact, over ten days for some months.

You were extended a high courtesy by our member when he indicated his faith in your integrity by accepting your account. For, credit is nothing but faith in the honesty of the buyer, based on the understanding that he will pay his bills when they're due.

Now, as is customary, this member has reported your account to this office, with the information that he has not been able to secure collection.

Before taking any action on this account, we want to give you an opportunity to keep your credit record clear by paying this bill within the next ten days. If it is not paid in that time we will have to proceed with collection, according to our member's instructions.

Won't you kindly arrange to take care of this account immediately and show that you appreciate the courtesy extended your member?

Sincerely,  
RETAIL CREDIT MEN'S NATIONAL ASSN.

*A. J. Moller*  
Executive Secretary.

P. S. Make all payments and address all communications to the member whose name is shown above.

**Organized for the Protection of Retail Merchants**

**Collection**

May 30, 1935

Referring to account of:  
Smith, Brown & Co.  
1402 Blank Avenue  
St. Louis, Mo.

Amount: \$44.62

Mr. John Doe  
5010 So. Main Avenue  
St. Louis, Mo.

Your failure to respond favorably to our previous communications indicates that you are indifferent to your obligations to pay the above account.

You are hereby given our LAST and FINAL NOTICE that unless this account is paid or satisfactorily adjusted on or before the date shown below, our attorneys will take action to secure judgment, with lawful interest, together with all costs and disbursements of the action.

Yours truly,  
RETAIL CREDIT MEN'S NATIONAL ASSN.

*A. J. Moller*  
Executive Secretary.

P. S. Make all payments and address all communications to the member whose name is shown above.

**Organized for the Protection of Retail Merchants**

**No. 2**

Fill in this stub, tear it out, and file in your file as it will come up ten days after this letter is mailed.

**COLLECTION RECORD**  
(Letter No. 2)

Name Mr. John Doe  
Address 5010 So. Main Ave.  
Amount \$44.62  
Letter No. 2 sent April 30, 1935

**Service Division**

**Retail Credit Men's National Association**

Local Organization and Members in all parts of U.S.A.

Executive Office  
Saint Louis

**Collection Department**

May 10, 1935

Referring to account of:  
Smith, Brown & Co.  
1402 Blank Avenue  
St. Louis, Mo.

Amount: \$44.62

Your attention is again directed to the above account.

You have had merchandise, service, consideration and leniency from our member, and yet you have not responded to his request, nor to ours, for a settlement of this account.

We, in a National Association, organized for the protection of retail credit losses—protection backed by law and the power and prestige of our entire membership.

At the same time it is our desire to protect you, too, against the "poor-pay" record.

We credit your member's line by which all merchants judge their credit.

It is imperative that you take action.

**No. 4**

Fill in this stub, tear it out, and file in your file as it will come up ten days after this letter is mailed.

**COLLECTION RECORD**  
(Letter No. 4)

Name Mr. John Doe  
Address 5010 So. Main Ave.  
Amount \$44.62  
Forwarded for Collection to R. C. M. N. A. May 30, 1935

**ACCOUNT FOR COLLECTION**

Retail Credit Men's National Association,  
St. Louis, Missouri.

The following claim is forwarded to you for collection. Three copies of itemized bills are attached.

Date May 30, 1935

NAME OF DEBTOR Mr. John Doe AMOUNT \$44.62

NAME OF HUSBAND OR WIFE Mary L.

RESIDENCE ADDRESS 5010 So. Main Avenue, St. Louis, Mo.

BUSINESS ADDRESS 1718 Blank Avenue

OCCUPATION Bookkeeper

EMPLOYED BY Richard Roe & Co.

REMARKS Same as wife's name—has bank account at 14th National Bank

Respectfully,

Firm Name Smith, Brown & Co.  
By H. B. Brown, Treasurer  
Street Address 1402 Blank Avenue  
City St. Louis, Mo.  
State Mo.

Ten days after sending out letter No. 3, if payment has not been received, this blank should be filled out and sent in to our National Office, Equitable Bldg., St. Louis, Mo.

BE SURE TO ATTACH THREE COPIES OF YOUR ITEMIZED BILL TO THIS FORM.

The Collection Forwarding Blank (above) can be sent direct to the National Office or your local bureau, whichever you prefer.

# The Influence of Installment Selling On Open Credit Business

By Jos. B. Auerbach, *Bloomingdales', New York, N. Y.*

*Address Delivered at the National Retail Furniture Association Convention at Grand Rapids, Mich., July 15, 1925*

What effect has the growth of a new industry, as, for example, the manufacture of automobiles, on other lines of business? It would require a real economist to answer this question. It is almost too much to expect a mere credit man to do it.

However, I offer my opinion for what it is worth. The growth of an industry, such as that of the manufacture of automobiles cannot help being beneficial to the country as a whole. Starting with the basic industries whose materials go into the manufacture of the product, right down to the finished article, there is a string of beneficiaries with the middle man or distributor added. For each of these there results acceleration of business, with added employment.

In my opinion the greatest benefits accrue to the country if the article manufactured succeeds in accelerating the spending of those who can best afford it and whose funds otherwise would be idle or lying in the bank. As the sales of the commodity eat into necessary savings and current earnings, a beneficial effect is still gained—but in reduced measure.

It is probable, however, that the added volume which results, more than compensates for whatever disadvantages arise; which thought would seem to be borne out by the fact that as our industries have grown, so also has the prosperity of the country grown with them.

As to what effect the purchases of homes have on the retailer, my answer is that sound investment in real estate and the encouragement of the home buying movement have a beneficial effect. As against the temporarily reduced spending power for current needs, there is the increased spending power of the seller of the realty.

How do rents and reduced wages affect the retailer? Economists agree that it is bad when there is a wide spread between prices of commodities. I think that there can be no question about the fact that rents are disproportionately high in comparison with other commodi-

ties, which has a consequent adverse effect on the business of the retailer. However, even here, a temporarily favorable aspect is the accelerated building which high rents encourage, with the consequent increased spending power of the various industries, whose products enter into the building operations.

As to the effect of reduced wages, my observation shows that high wages make for prosperity of the country, including the retailer, and that low wages have the opposite effect.

Leaving now these economic questions, to enter into fields in which I am more at home, and feel better equipped to talk upon—the field of credit—I am asked what class of wage earners are considered the best credit risks.

My answer, giving them in the order of their desirability is: the salaried class; the wage-earning class with permanent positions; journeymen laborers whose occupation is seasonal and whose employers change frequently, such as painters, carpenters, etc.; and last, the day laborer engaged in unskilled work that is seasonal and where the employer changes frequently. The most desirable risk is the person with good character, with steady income, of thrifty habits, who has accumulated sufficient savings to meet any unforeseen contingencies.

As to installment buying, permit me to quote from an article which appeared recently in the editorial columns of the *New York Times*, written by Mr. S. J. Bloomingdale, our president, in reply to an attack on installment buying.

*New York Times* Editor:

May I take issue with an article which appeared in your editorial columns of April 28, 1925, headed "Installment Buying Condemned"?

Credit is the corner stone of our economic structure—the basis of 90% of the country's business, according to accredited authorities.

Credit is like food, which, taken wisely, promotes health and life. Taken

unwisely, or excessively, destroys health and life. Would you bar food?

Would you ban steam engines, automobiles, electrical service devices of various kinds, because, unfortunately, they are the cause of a great number of fatal accidents every year?

Bloomingdales', besides selling everything that the average department store carries, have sold millions of dollars of pianos, phonographs, radios, sewing machines, vacuum cleaners, furniture, and rugs on credit. Our experience, extending over many years, has been that the people who have overbought were a negligible minority. And this minority would be reduced even further, if we deducted from it those who were unable to meet payments because of totally unforeseen contingencies.

As a matter of fact, our experience also shows that people who buy for cash, overbuy quite as much as those who buy on credit. And, by the way, can you tell me how many people who pay cash for store purchases have paid on the dot for other contemporaneous expenses incurred?

Let us look at the positive good credit has brought to the people.

It has enriched their lives by putting better furniture in their homes; by giving them music; by putting them in touch with the great world of information and entertainment provided by the radio; by piling them into automobiles for comfortable, healthful trips to the seashore, to the world of trees and flowers, and to great mountains where the air is pure,

Where all of Nature pleases  
And only man is vile.

Don't tell me that this uplifting of environment, this broadening of contact, has had no influence in the making of happier people; better citizens.

Another thing. The increased distribution of goods caused by selling on credit, has given wider employment, and has reduced prices, enhancing the joy and cutting down the cost, of living.

Cut off credit, and see what will happen. Less production. Less employment. Less happiness for the millions. A reversion to social conditions which, bearable when the population of the country was small, would be intolerable today.

NO! Credit is an essential force in the twentieth century life of the nation. Like all other great forces, it needs a safety control. And that safety control is almost automatic in the retail field. Every merchant desires *satisfied* customers. Encouragement to overbuy most often results in *dissatisfied* customers. Consult your own best interests and you'll conserve the best interests of the people.

To sum up; credits wisely given are a service to all concerned; credits unwisely given, are a detriment.

Yours very truly

Let me confess that I was the inspiration behind this article so ably presented by Mr. Bloomingdale. Having defended installment buying and selling, let us, however, now look at the other side of the picture and consider some of the bad features of installment selling.

How far can we go in our installment selling? Most of the installment sales—possibly 95%—are made to people of the working classes or those in modest circumstances.

That being so, it should be apparent that the maximum sales that can be made to them cannot exceed the amount of their income less their savings.

If you, or somebody else, sells an individual an amount greater than he can meet out of income—yes, even if to meet your terms it is necessary that he reduce his savings below a margin of safety sufficient to take care of illness or unforeseen contingencies—this reacts unfavorably on you, the customer and the country as a whole.

There is no question but that a large section of the wage-earning public is "installment ridden" by "fake" installment concerns, dealing in cheap jewelry, clothing and similar articles on which a prohibitive financing or credit charge is exacted.

This type of concern gives installment selling a black eye, and reputable business houses should do everything they possibly can to curb their activities.

Also, I am afraid that the installment idea is being carried to a somewhat dangerous extent.

Thus today, a clothing manufacturer of high grade is advertising his product for distribution by his dealers on terms of twelve weekly payments. The paint manufacturers are selling their products to the consumer, through the dealer, on the installment plan. A Ford car can be purchased for only \$12.50 down. Even a marcel wave can be purchased on

the installment plan! The finance companies are largely responsible for promoting this condition, with the usual result of unreasonably high profits for themselves.

Installment selling is a distinct service when properly conducted and credit is granted with only a reasonable financing charge made for the accommodation. But when such gross profiteering as that which exists has grown to the proportions it has, this reacts unfavorably on everyone. Today many finance companies, exact a financing charge of from 20 to 25%.

When installment buying was not so extensive as it is today, this was not a matter for serious concern, although the ethics of such profiteering at the expense of those who could least afford it, was, in my opinion, always questionable. Now, however, when installment buying has become so general, this charge represents a serious tax upon the consuming public, whose spending power is reduced to that extent.

If any of you have been guilty of this practice, let me admonish you to reform before compulsory legislation steps in and compels you to do so. Be satisfied with the legitimate merchandising profit; make your financing charge only sufficient to cover the actual cost. There is even a question in my mind whether in consideration of the added volume which you thereby enjoy, you should not bear a portion of this cost yourself.

A well conducted credit business, granting twelve-month credit should not cost over 8 to 12%. It would justify a service charge of 4 to 6% at the most. Yet we all know of the many instances in which a charge of 10% or even more is made, which, when properly computed, is really a charge of between 20 and 25%.

Let us analyze the financing costs and profits on a sale. Let us take one say of \$250.00, on terms of \$50.00 down, and the balance (to which you have added a carrying charge of 10% or \$20.00) to be paid in ten monthly payments of \$22.00 each.

Because of the monthly reduction, the invested period is not actually ten months but only five and one-half months. The customer has therefore paid 10% for an invested period of six and one-half months, which is .1818 per cent per month, or multiplying by twelve, 2.1816 per cent per annum.

Thus, whereas on the face of it, the customer's impression may have been that the financing charge was only 10% per annum, it actually amounted to 22%.

Your cost was 6% on the capital for five and one-half months or 2¾%. Your accounting expenses were 4%

(Continued on page 19)

## Get This—



Actual Size, 4 in. x 9 in.

## The New Membership Roster

Here's an up to the minute listing of the members of the Retail Credit Men's National Association that ought to be on every credit grantor's desk.

It lists the name of every affiliated credit grantor in the United States and Canada—every local association—every service bureau.

Contains separate roster of the Service Division and blank pages for your own memorandums.

Only 2000 Copies

Price \$1.00

Retail Credit Men's  
National Assn.

Equitable Building  
St. Louis, Mo.

# Local Association News

## "Gabe" Hausmann

One of our outstanding members in the South, and an ardent worker in behalf of the National Association is Mr. Gabriel Hausmann of, Hausmann, Inc., New Orleans, Louisiana.

Mr. Hausmann is a self-made man. After he graduated from grammar school he became an apprentice to an engraver with whom he worked for several years, becoming an expert in the business. At the age of 21 he entered the jewelry business where his pleasing personality and tireless efforts to please his customers made him immediately popular. He is now an officer and director of his firm, which is one of the leading jewelry concerns of the country.

For many years he has attended our National Conventions where his advice and counsel are always sought. He is a member of the Board of Directors of the New Orleans Credit Bureau, and has succeeded in convincing his associates that their entire membership should be affiliated with the National Association.

Mr. Hausmann is an enthusiastic sportsman, being intensely interested in baseball and having the record of never missing a World's Series. He is known from coast to coast and among his friends is known as "Gabe." He is one of the civic leaders of New Orleans and his home life with his wife and two daughters is the envy of his neighbors.

## Miami Merchants Alive to Need of Credit Education

The retailers of Miami, Florida, have inaugurated a series of educational advertisements in connection with a "Pay Your Bills Promptly" campaign. Five hundred dollars per month has been pledged to the support of the work. Miami leads all cities of its size as regards the amount of money set up for a campaign. The fact that business is booming in Florida and conditions are reported good only emphasizes the thought behind the effort. J. Ernest Wolfe, Manager of the Miami Credit Agency, is the leading spirit back of the campaign, the first advertisement of which appeared on July 5th.

## Paul Aurell, of Wichita, Dies

It is with deep sorrow that we announce the death of Mr. Paul Aurell, Manager of the Wichita Credit Bureau.

Three years ago he took charge of this bureau when it was standing still and succeeded in injecting the National spirit into the organization. He was thoroughly sold on our National Association idea and we owe our present membership in Wichita to his efforts. He attended several of our Conferences and Conventions and was liked by all because of his pleasant smile and kindly manner.

The Association extends to Mr. Aurell's family and to the Wichita Merchants Credit Bureau their sincere sympathy.

## Colorado and Wyoming Credit Granters Hold Convention

The second semi-annual convention of the Associated Retail Credit Bureaus of Colorado and Wyoming was held August 24th, 25th, and 26th, 1925, at Grand Junction, Colorado, opening the morning of August 24th, with a splendid program.

On the 24th, Mr. Charles M. Reed, of the Denver Association addressed a luncheon club at noon, speaking for more than one hour to merchants of Grand Junction. In the evening he also addressed two hundred or more Secretaries of Local Associations.

Telling of the rest of the convention, Mr. Reed writes:

"Tuesday morning Secretary Sander, of Grand Junction, announced the roads leading up to the Grand Mesa were passable. We, therefore, adjourned and hurriedly prepared for the trip. At 6:00 o'clock that evening we arrived at the Alexander Hotel, which is situated at Alexander Lake on the Grand Mesa, at an altitude of 11,500 feet. The

Hotel was reserved for our exclusive use and we were provided with comfortable quarters, and very fine meals. We held our session in the main dining room of the hotel, and worked out a very interesting and instructive program.

"We claim we are the only State Association holding its meeting 11,500 feet above the sea, and I want to tell you it was one wonderful experience. I never saw more enthusiasm or more earnestness expressed than I found at that convention.

"Several of the men traveled more than seven hundred miles over almost impassable mountain passes to attend the meeting. I don't believe there is any Association in the country that can claim such distinction: It shows you the enthusiasm of our people.

"We had delegates from Alamosa, Colo., Greeley, Colo., Pueblo, Colo., Cheyenne, Wyo., Longmont, Colo., Rocky Ford, Colo., Boulder, Colo., Canon City, Colo., Florence, Colo., Rawlins, Wyo., La Junta, Colo., Delta, Colo., Trinidad, Colo., Sterling, Colo., Walsenburg, Colo., Montrose, Colo., Fort Morgan, Colo., Casper, Wyo., Colorado Springs, Colo., Durango, Colo., Laramie, Wyo., Loveland, Colo., Glenwood Springs, Colo., Grand Junction, Colo., and Denver, Colorado.

"When I tell you some of the boys had to travel over two days to get there, you will appreciate all the more what we are up against out here in the matter of distances.

"President Wm. DeVere, of Cheyenne, handled the situation in a most laudable manner. I never saw a man handle a situation like DeVere handled this one. He also contributed toward our amusement, singing numerous songs for us. Besides he acted as Judge of the "Kangaroo Court" on Wednesday evening, at which time Secretary Sanders, of Grand Junction, and the writer were the victims. We were accused of everything under the sun, and had absolutely no chance before the packed jury and corrupt court officials. We were sentenced to hang at Sunrise but the judge said that that was not severe enough punishment so we were sentenced to spend six months in Grand Junction.

# WANTED

## For Forgery and Confidence Game Myer Lehman, alias Harry Jacobs

Age 54, 5 feet 9 inches, 170-180 pounds, Hebrew features, high cheek bones, smooth face, dark complexion, dark hair. Usually wears his hat well back on head. Follows races, frequents gambling houses and dice games. Smart business talker, familiar with all lines of business. Represents himself as one of family of business people, merchants or manufacturers.

*First Natl Bank of Los Angeles Nov 24 '23*

*Unionally Trust Co of Cincinnati July 12 '23*

*A. J. Lorry Two hundred and no*  
*Cash 150.00*

*G. J. Bauman M. J. Baker*

On Dec. 7, 1921, forged name of "A. LITTS, Jr." to check for \$300. Cashed at Cleveland, Ohio

On July 12, 1923, forged name of "M. J. BAKER" to check for \$200. Cashed at Cleveland, Ohio

On July 15, 1925, forged name of "L. J. Bauman" to check for \$100. Cashed at Cleveland, Ohio.

This man always uses name of big merchant or manufacturer in a distant city. Visits stores or factories and pretends to study methods of operation or places order. After bank hours asks to have check cashed and invariably calls for blank check. Few of the names used have been "David May," "Wm. Filene," "A. Litts, Jr.," "J. H. Dorsey," etc., etc. He has operated all over the United States. Cleveland Police Dept. holds warrant for this man.

If apprehended, hold and wire, collect, either of the undersigned

W. H. GRAY, Secy.  
Retail Merchants Board  
405 Chamber of Commerce Bldg.  
CLEVELAND, OHIO

JACOB GRAUL  
CHIEF OF POLICE  
CLEVELAND, OHIO

## Colorado and Wyoming Credit Grantors Hold Convention

(Continued from page 16)

"A number of men had their wives along, and everybody seemed to enjoy the occasion.

"During our session, we passed a Resolution that all members of our State Association would issue standard reports. We also plugged heavily for the National Association and the use of coupons.

"One of the most interesting parts of our program was that of having each Secretary report credit and collection conditions in this territory. The boys covered the situation very thoroughly, and we were very highly complimented as a result of that particular part of the program.

"Mr. A. D. Fairbanks, of Delta, Colorado, one of the finest men on the western slope, addressed us Monday. I never heard a more wonderful talk in my life. He is one of the biggest boosters we have in that section of the country; saying among other things that a retail merchant who tried to do a charge account business, without the aid of an association, was taking a long and foolish chance.

"Mr. Lyman P. Weld, of our Longmont, Colorado, office covered a number of legal questions in a very masterful way.

"Mr. Beman C. Fox, a banker of Grand Junction, also gave us a very interesting talk.

"Mr. V. M. Johnson, of Durango, gave a very interesting talk on Membership Analysis.

"We were very sorry Frank Field, of Greeley, was not able to be with us at the time of the convention, but his health is such he thought it inadvisable to make the trip. This is the first convention that Frank has missed.

"We might say our semi-annual convention was a wonderful success from start to finish. Grand Junction merchants were very cordial in receiving us, and Secretary Sanders left no stone unturned to see that all details were worked out perfectly. We were comfortably taken care of both at Grand Junction and on the Mesa, and were sorry the convention did not have a week longer to run.

"Also I might mention that the newspapers of Grand Junction devoted considerable valuable space to the doings of the Convention, so that everybody in that section was familiar with what was going on."

## The Social Side of the Retail Credit Men's National Convention

By Miss W. M. Coons, Iowa Construction Company, Davenport, Iowa

The social side of the Retail Credit Men's National Convention at one time was never mentioned above a whisper. It was at the time when credit men and not women prevailed. I am told that, in those days, the social side was limited to a stag party, a boat ride if possible, and midnight conferences in the bedrooms of the popular delegates.

But time works wonders and the credit men no longer reign supreme. Women have become recognized as credit managers and also hold important positions as secretaries of credit organizations. They act as state chairmen, are active in membership work, and the time is not far off when they will be given a representation on the board of directors. One of the men at the Minneapolis convention stated, "Our women have clearly demonstrated their ability in every branch of credit work, and should be recognized, not only as credit managers and secretaries of local organizations, but should have a chance to voice their opinion in the National Organization."

With their advent into the credit world, the social side now sees the light of day and also the "bright lights" of night. Formerly it was all work and no play, and delegates would study credits, and hear papers read all through the day. They would then go home worn out from the monotony of it all, and having added hardly one new name to their list of friends. But how different it all is now! The social side is really the educational side of the convention. Through the social functions you meet and mingle with the big men of the convention and some day we will add, "the big women of the convention." These men are so occupied during the convention that they see and talk to no one, unless they have an axe to grind. Meet these same big men, socially, at a luncheon, a dance, an auto ride, or sit in the lobby and talk to them; it is then that they really become interesting and it is under such conditions that they relate experience or offer suggestions. So, in reality, the social side of these conventions is the educational side.

At this time my mind reverts to the Milwaukee Convention, which was my first. I had not the slightest idea of what a convention would be like, and before noon of the first day, the time dragged and my eyes drooped from the weariness of listening to paper after

paper. As I looked around the auditorium, I thought that never before had I seen so many strangers. Then, at noon, I met some of these so-called strangers and was asked to lunch with them. I found these men were talkative credit men, and discussed credits and collections in a personal manner.

Then, came my next convention, the recent one at Minneapolis, where such particular care and pains were exerted to entertain the men, and especially the women. What a different feeling I had when I attended the first meeting there! I did not feel at all strange. Not having attended a convention for two years, I had not expected the men and women whom I had met at Milwaukee to remember me, but they all did, even to remembering that I was from Davenport. They inquired about our popular secretary, Miss Croul, and about our broadcasting station, WOC, "Where the West begins and in the state where the tall corn grows." The social functions at this convention, instead of distracting from our work at the business sessions, simply primed us for more attentive work. The relaxation sharpened our appetites for more work and more study.

The acquaintances formed, and the exchange of views at these informal gatherings, make us bigger and better credit men and women, so we can truly know our brothers, who are guiding the good ship "Better Credit Conditions" to a safe and calm harbor. One gentleman, who is Credit Manager of a large department store, stated he gained more valuable information from talking to men and women whom he met in a social manner, than he did by attending the meetings.

All papers read are very good, but cannot be applied to each and every individual's line of work. At the meetings one has no time to meet the big and prominent men of the convention. But at the social affairs, you have the honor and pleasure of meeting men like Col. Blackstone of Pittsburg, E. B. Heller and David Woodlock of St. Louis, L. T. McMahon, J. J. McCarthy, E. Manahan and J. Madden of Boston, "Gabe" Hausman of New Orleans, and many other big men. A number of them have served as Presidents of our National Association and it only intensifies one's desire to strive to perfect one's self in his chosen work. It also makes one resolve to start immediately a convention fund to defray expenses to Los Angeles next year, to again enjoy the social side of a National Convention and to renew the acquaintances of these big men and women in the credit granting world.

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## Influence of Installment Selling

(Continued from page 15)

to 5%. Your losses were as high as 1%. So your total costs were, at most, 8 $\frac{3}{4}$ %.

A flat financing charge of 5% would result in your receiving close to 11% which is more than sufficient to cover all your expenses. Anything over that is profiteering, which is something every responsible merchant would do everything in his power to combat.

A principle of sound installment selling that should be thoroughly understood is, that depreciation of the merchandise ought not to outrun liquidation of the account.

Require a sufficient down-payment, otherwise, you will attract an undesirable class of buyers—the "installment hounds"—who, in increasing numbers, infest every community. With too small a deposit an observable depreciation of the product will begin before the purchaser has begun to derive much service or satisfaction from its use, and before the amount of money invested acts as an incentive towards giving it proper care or exciting any pride of ownership.

Make the minimum sale that you will accept on the installment basis sufficiently large, and then stick to this limit. Similarly, decide upon the maximum terms you will allow and stick to this too. Get sufficient references, investigate your applicant carefully, and then be liberal if you want, with all the information before you.

Nothing could be more misleading than the oft repeated statement, "the average person is honest," because the emphasis is generally put upon the word *honest* when it is *average* that should be emphasized. Except in very rare instances the "open sesame" credit idea does not work out.

Don't permit the finance companies to control your credit or installment business. You should handle your own credits and make your own collections, thereby cementing your personal relationship with the customer. This enables you to regulate your credit policy according to your personal knowledge of your customers. A little patience and extra accommodation by you in tiding a customer over a bad break of luck will retain his good will where the collection machinery of a finance company shows no such consideration.

If you must use a finance company, then follow the plan which is used in the piano and musical instrument field. This plan should not in any way be competitive with your present banking arrangements, but should be purely a supplementary measure for use in addition

to your regular bank lines. It places your purchasers' obligations upon a self-liquidating basis, merely in order that you may pay monthly in amounts practically identical with your receipts from your purchasers.

As to the final question of keeping accounts up-to-date; I presume by this is meant not the bookkeeping, but rather the collection of the accounts. Briefly my answer is, "close collections, and the use of tactful and persistent letters that grow firmer in tone but reflect a friendly understanding spirit, except where extreme cases demand severe treatment."

Prompt collecting of accounts has many advantages. It keeps the outstanding accounts down and requires less capital to run the business. A close collector with the friendly attitude is the best salesman a business can employ, since if an account is permitted to run, it will get into bad shape, which requires stronger pressure, and results in loss of good will and future patronage.

Every business should have a dependable, efficient collection system. Ability to collect, is not measured by the power to extract money from an unwilling debtor but rather, by the ability to impress and train the debtor in such a way that he will unconsciously get into the habit of paying promptly.

After an account has been placed with an attorney or collection agency it is still important to keep an accurate check on it. Periodical reports from the attorneys or collection agencies should be insisted upon. Monthly reports, which will briefly give the progress being made in the matter of bringing about adjustment or settlement are preferable. The same principle applies in case of an estate going through probate or bankruptcy, when reports every 90 days are satisfactory.

Proper control over the matter of collections necessitates an adequate statistical record, showing the percentage of outstandings per sales, how much is past due, how long this is past due, percentage of collections to sales and to outstandings.

Merchants must be as careful in filling their credit and collection positions as they are in filling their positions of advertising counsel, or similar positions which call for trained professional minds.

An intelligent credit man with the ability to reflect his personality and that of the house in his letter work can do much in the handling of collections. Particularly when the customer is confronted with unforeseen contingencies, can the good credit man create a strong bond of friendship, or even affection, for the store.

## Use These Electros

On your letterheads, bills and statements. Cuts below are actual size.



50c



50c



75c

Put the power and prestige of this Association behind your collection work.

Order from

**National Office**  
Equitable Building  
Saint Louis

## Evils of Bankruptcy Practice

(Continued from page 11)

department—pressure caused by the idea of volume and quantity in sales and distribution.

Whether under pressure, temptation, lack of judgment, or, perhaps sometimes, ignorance of the rules of the game, credit is extended in too many cases where credit is not deserved.

You can't legislate a man into being honest. You can't compel a man, unless he is inherently honest, to take precept of the sermon. If you carelessly or consciously and deliberately extend credit to a man who is dishonest, or for any other reason, isn't deserving of that credit, you have no right to complain, if you get burned by the fire of his dishonesty, and can't collect your account when you want to get the returns on it.

Now, I say, primarily, the first sin that is responsible for the evils of the bankruptcy practice is the unintelligent rendering of undeserved credit. I think you could cut off a great evil of bankruptcy practice by a wave of the hand or a snap of the finger, if you would but tighten up in the Credit Department when the first obligation is about to be incurred.

What is the next sin of the credit man? Well, the next sin of the credit man is being an accessory to the sins of that gang of lawyers, responsible for the bankruptcy evils. You want to know how you are sinning and I will tell you.

In the first place, with all due respect to you, I never saw a group of men who are more anxious to get something for nothing than a group of credit men in their dealings with lawyers. It doesn't make any difference who the lawyer is, what his standing or reputation is, or what you know about him. If he will come around when a bankruptcy occurs and offers to handle your claim for nothing, he is the most welcome visitor that you have seen in your place of business during the course of the day or the week. Then when you don't get anything out of the estate because that same lawyer has taken it all for his fees, or because he has handled it without regard to your interests, you stand back and "damn" the lawyers for being a dishonest lot, even though most of us are pretty honest.

I have watched this thing over a period of twenty years. I thank God every day that I sort of slipped out of bankruptcy practice some years ago, and since that time I have been looking on

from the side lines, watching the principals operate. But I want to tell you that if the credit man were more careful in the rendering of credit, first, and, secondly, showed ordinary, reasonable prudent discretion or judgment in the selection of the men whom they let handle their claim, after it got into bankruptcy, you would find that the greatest proportion of the evils of bankruptcy practice would disappear of their own accord.

If you deliberately put yourselves in the hands of a dishonest lawyer or dishonest collection agency and he or they do dishonest things, what right have you to complain after you have encouraged the growth and the success of that kind of people?

If you go out and encourage a man who is studying to be a burglar and give him the means to complete his education, have you any right to complain if he turns around and robs your house?

If you teach a man how to become a pickpocket—help him get his education—have you any right to expect that you are going to be immune from his ravages?

That is just exactly, in principle, what we are doing in the bankruptcy practice. The credit men of this country by the desire to get their claims handled as cheaply as possible (for nothing usually), have been willing to turn them over to groups of individuals whom they know have no interest in them and no interest in anything, beyond how much is going to be realized from that estate for the particular individuals or groups of individuals who are interested in this bankruptcy. I am glad to know that the credit managers are awakening to the fact.

The Secretary of the National Association became quite "peevish" when I stepped awfully hard on his little toe a year ago in suggesting this question, but I note that much is being made of the thought that the credit manager himself has some share in this responsibility.

Now, what are the lawyers doing? Mr. J. H. Tregoe, Secretary of the National Association of Credit Men, two years ago, came out with a letter, setting out the evils and ills of the bankruptcy practice, which said that the Bar must clean house. The Bar accepted the challenge.

A Committee of the American Bar Association recommended certain changes in the bankruptcy rules, and appointed a special committee to confer with other committees with a view to obtaining redress from the court which would as-

sist in this move to clean up the evils of the bankruptcy practice. I had the honor of serving as Chairman of that Committee and the particular pleasure of realizing this year the fruitage of our work, as the result of conferences with the Committees of the National Association of Credit Men, the Commercial Law League of America, and the Council of Federal Judges of the United States Courts. In April of this year, the Supreme Court adopted, in substance, the recommendations of our joint conference of committees, and we now have a number of amendments to the rules in bankruptcy practice which are going a long way toward remedying many of the evils of which we have complained.

I would like to read them to you for your information, but time is pressing, so I won't, although with your permission, I will have these read into the record, so that you will have them in your proceedings.

### Supreme Court of the United States, October Term, 1924

It is ordered by the Court that General Order in Bankruptcy No. 5, entitled "Frame of Petition," be amended by adding at the end thereof the following sentence:

"Petitioners in involuntary proceedings whose claims rest upon assignment or transfer from other persons, shall annex to one of the duplicate petitions all instruments of assignment or transfer, and an affidavit setting forth the true consideration paid for the assignment or transfer of such claims and stating that the petitioners are the bona fide holders and legal and beneficial owners thereof and whether or not they were purchased for the purpose of instituting bankruptcy proceedings.

"And it is further ordered that the following rules be adopted and established as additional General Orders in Bankruptcy:

#### XXXIX.

##### *Representation of Creditors by Receivers or Their Attorneys*

"Neither a receiver nor his attorney shall solicit any proof of debt, power of attorney, or other authority to act for, or represent, any creditor for any purpose in connection with the administration of the estate in bankruptcy or the acceptance or rejection of any composition offered by a bankrupt.

#### XL.

##### *Receivers and Marshals as Custodians*

"A receiver or marshal appointed by the court to take charge of the property of a bankrupt after the filing of a peti-

tion, shall be deemed to be a mere custodian within the meaning of Section 48 of the Bankruptcy Act, unless his duties and compensation are specifically enlarged by order of the court, upon proper cause shown, either at the time of the appointment or later.

#### XLII.

##### *Waiver of Right to Share in Composition Deposits*

"Before confirming a composition the judge of the court shall require all creditors and other persons who may have waived their right to share in the distribution of the deposit made by the bankrupt, for claims, fees or otherwise, to set forth in writing and under oath all agreements with respect thereto with the bankrupt, his attorney or any other person, and shall also require an affidavit by the bankrupt that he has not directly or indirectly paid or promised any consideration to any attorney, trustee, receiver, creditor, or other person in connection with the composition proceedings except as set forth in such affidavit or the offer of composition, and that he has no knowledge of any such payment or promise by any other party.

#### XLIII.

##### *Compensation of Attorneys, Receivers and Trustees*

"1. Every attorney, receiver and trustee seeking an allowance of compensation from a bankrupt estate for services rendered, shall file with the referee a petition under oath, setting forth a full and detailed statement of such services and the amount claimed therefor, and, in the case of an attorney or receiver, the amount of the partial allowance, if any, theretofore made. And such petition shall be accompanied by an affidavit of the applicant stating that no agreement has been made, directly or indirectly, and that no understanding exists, for a division of fees between the applicant and the receiver, the trustee, the bankrupt, or the attorney of any of them. In the absence of such petition and affidavit no allowance of compensation shall be made.

"2. Such petition shall be heard at a meeting of creditors; and the referee in sending the notice of such meeting prescribed by Section 58 of the Bankruptcy Act, shall state by whom and in what amount the allowance of the compensation is asked.

#### XLIII.

##### *Fees and Expenses of Attorneys for Petitioning Creditors*

"The court may deny the allowance of any fee to the attorney for petitioning creditors or the reimbursements of his expenses, or both, if it shall appear that the proceedings were instituted in collusion with the bankrupt or were not instituted in good faith.

#### XLIV.

##### *Appointment of Attorneys for Receivers or Trustees*

"In any District in which there is a city having at the last Federal census a population of 250,000 or more, no attorney for a receiver or a trustee shall be appointed except upon the order of the court, which shall be granted only upon the petition of the receiver or trustee, stating the name of the counsel whom he wishes to employ, the reasons for his selection, and the necessity for employing counsel at all; and there shall be submitted with this petition an affidavit of the person recommended, showing that he is not employed by or connected with the bankrupt or any person having an interest adverse to the receiver, trustee or creditors.

#### XLV.

##### *Auctioneers, Accountants and Appraisers*

"No auctioneer or accountant shall be employed by a receiver or trustee except upon an order of the court expressly fixing the amount of the compensation or the rate or measure thereof. The compensation of appraisers shall be provided for in like manner in the order appointing them."

(Promulgated April 13, 1925.)

Now, I have suggested briefly two remedies for bad bankruptcy practice. The first is a careful credit man. That takes care in selection of persons to whom you render your credit. The second is the use of a reasonable, prudent man's judgment, in selecting the man to handle your legal business, be it only collections.

The third suggestion that I have is the cooperation of your organization with that of the National Association of Credit Men and with all other organizations that are interested in cleaning up these despicable practices, and putting business on a proper basis of decency.

What the lawyers have been trying to do you see evidenced by the amendment of the rules that I have indicated, and now, in closing, I just want to digress from the subject for a moment.

In our present day and age we are having a multiplication of conventions and organizations of this kind. We are having, I believe, more lectures, more sermons, more talks, more groups than ever before in the history of the world. In a degree, we are approximating to that condition of thought which Paul spoke of when he said that the Ephesians spent all of their time running around to hear or to see some new thing. We are flocking in herds of thousands to hear expositions of new ideas of psychology, salesmanship, religion and all forms of human and intellectual ac-

tivity. The one cheering prospect in all of this is, that running through all these different forms of activity, whatever phase they seem to take, there seems to be the tendency to emphasize those things which, from a Scriptural standpoint, we call Spiritual or from our standpoint, perhaps, as ordinary individuals, ethical. They emphasize the idea of higher standards, better rules of conduct, and a greater sense of our obligation to each other as Brothers from a common Father.

I don't like to use the word "religious," because that sometimes makes it seem to a person that you are trying to preach (and I am not), but, nevertheless, we are today living in an age in which, in thought, we are reverting to the things that are religious or spiritual. We are beginning to count more than ever before in the history of the world the force and the power of those things which we find in the Ten Commandments and in the Sermon on the Mount.

More and more, by the hundreds and thousands, business men are beginning

### **Retail Credit and Collection Managers Wanted for Several Cities**

Attractive, permanent, salaried positions open to four men, positions as local manager in several city offices of a large chain national organization, established 1913; under bank supervision in various states. Legitimate and well-managed business—loans up to \$300, repayable in convenient monthly instalments, plus lawful interest.

Previous satisfactory experience necessary in retail credits and collections (either merchandise or money). Must have good health, habits, character, and personality, capable of managing small staff and closing deals. We provide helpful instructions by supervisors personally and by our Technical Institute mail course.

Position permanent, dignified, good pay, and steady increases for meritorious service. Opportunity for promotion and transfer. If suitable, this is a good life opportunity. Please name three cities in order of your preference for your office management. Successful applicants assigned to office in nearby city for preliminary experience with our system. No stock selling. Your application will be held confidential and we will not communicate with present employer. Write today to arrange interview. Tell us fully about yourself, experience and education. Every communication answered and literature sent explaining industrial loans, your work, and opportunities for successful career.

#### **BENEFICIAL OPERATING BUREAU**

135 Broadway, New York

to awaken to the fact that what is going to regenerate and save their business, what is going to remedy the evils of which they complain, is not laws and more laws, not more regulations and statutes to be printed and then to be broken, but a keener sense of each man's individual responsibility, not only to himself and to his family, but to the world, to his neighbor and to his God, and a willingness and a readiness and a desire that is coming with a sweep that none can resist, to apply to what you do every day in your business, as well as what you do in your church on Sunday, those fundamental principles which we find in the Bible and which are exemplified by the Master as the standard and ideals that not only are necessary and essential, but absolutely practical in the conduct of the affairs of every-day life.

And so today, we thank God that we are talking about our higher ideas of conduct; we are thinking more of honesty; we are thinking more of observance of the law, rather than punishment for breaking it. We are finding hundreds and thousands of men who will tell you that the solution of our problem is coming from that faith in God and in the principles that have been laid down with reference to our relations to him.

I have tried to show you how, by certain measures already taken and to be taken, we must expect to eradicate some of these ills. But after all, these measures are simply the clipping off of the little leaves and the twigs, and they never touch the roots. We are never going to remedy these ills until we get to the source of the root, and we are never going to get to the source of the root until, by gradual or swift stages, we fix thought upon that idea that the things that we selfishly want are not the things that are going to bring us happiness. Only by following the precept the Master has set down, "Seek ye first the Kingdom of God and his righteousness and all these things shall be added unto you," will the ills be overcome. When we get that clear, and the trust and faith, we are going to find that our business, my business, your business, all business, all our relations are gradually going to center and conform to the central idea for which the world is here; which is progressing and for which you and I are working. That is the answer to that part of the Prayer that we all ought to bear in mind, "Thy kingdom come. Thy will be done in earth, as it is in Heaven."

## Six Months' Business Activities

By William Ries, Sheridan's, New York, Facts for the "Pessimist"

(add 000,000 except x)

1925 compared with 1924

		Increase	Decrease
<b>FINANCE</b>			
Bank Clearings	\$249,000	30,000	
N. Y. Stock Exchange			
No. of shares sold	200	90	
Bonds sold	\$ 1,900	100	
Dividends and Interest Payable (June)	\$ 430	30	
New Capital issued (5 mos.)	\$ 3,000	500	
Federal Reserve Bank Loans	\$ 610	240	
Member Banks, Loans	\$ 13,200	100	
Life Insurance Sales	\$ 5,200	700	
Building, expenditures	\$ 1,900	200	
Failures, Liabilities	\$ 240		60

### TRADE

Exports	\$ 2,300	300	
Imports	\$ 2,000	200	
2 Mail Order Houses, Sales	\$ 200	20	
8 Chain Stores, Sales	\$ 190	20	
Silk Import (bales) (X)	220,000	80,000	
Production of Steel (tons)	22	3	
Production of Coal (tons)	275	1	
Production of Autos (nos.)	2.1	0.1	
Cotton Consumption (bales)	3.3	0.5	
Cotton Export (bales)	3.6	1.4	

### PRICES (Primary Markets)

Prices at beginning of July, 1925 compared with previous year.

Increased	from	to	Decreased	from	to
Wheat (bu.)	\$ 1.40	1.70	Sugar (lb.)	\$ .06	.05
Corn (bu.)	1.26	1.28	Cotton (lb.)	.32	.24
Silk (lb.)	5.20	6.30	Steel (ton)	38.00	35.00
Wool (lb.)	1.35	1.35			
Copper (lb.)	-12	-14			
Rubber (lb.)	-21	1.20			
Hides	3.10	3.40			
Oil (bbl.)	3.25	3.90			
Coal (ton)	13.25	13.25			

### Woodlock and Heller in New England

Vice-President Heller and Managing Director Woodlock spent ten days in New England in early September. Mr. Woodlock addressed the Convention of the American Lenders Association on September 3rd, and both Mr. Heller and Mr. Woodlock spoke at a luncheon given in their honor by the Retail Credit Men's Association of Providence. They also attended a meeting of the Credit Bureaus of New England at which were present representatives of the reporting agencies and bureaus of the most important New England cities.

An organization was formed with Mr. Nelson Street of Providence, Rhode Island as President and Mr. Alfred Moreau of Hartford as Secretary. A delegation from Hartford met the National Officers and drove them by auto-

mobile to that city where the first meeting of the Fall season was held by the Retail Credit Managers of Hartford. This organization now boasts 115 members and pledged an increase of fifty for this year.

Boston was the next stop. A three day holiday on account of Labor Day interfered with a meeting, but Messrs Heller and Woodlock were able to discuss important affairs with National Director L. T. McMahon and Chairman of Finance Committee, Sidney E. Blandford. They were royally entertained by Mr. Blandford, visiting all the historic points in and around Boston, traversing the route of Paul Revere in his famous ride visiting Bunker Hill, Lexington, Concord, Salem, Swampscott, President Coolidge's summer home, Beverly the home of "Bill" Starr, Manchester and many other places.

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## Standard Method of Accounting

(Continued from page 7)

increasing cost of living, then we are in a measure responsible. It is estimated that in production the loss due to waste is the astounding sum of thirty billion dollars every year. How much it is in retail distribution has not been estimated, but it must be astonishingly large. If simplification is the remedy, let us apply it. Simplification means the doing away with excess, cutting loose of all "deadwood" by reason of custom, practice or tradition. As a single example of what simplification can do in the matter of merchandise stock, a large chain of retail drug stores simplified its stock from an average of 22,000 items to 10,000 items. Because of this reduction of items, its warehouses were reduced 78% in number, its depot employees 30%. The cost of night work dropped from \$5,000.00 to nothing, and the losses on unsold merchandise decreased 63%. On the other hand, its volume of business grew 43% and turnover increased 70%, with a decrease of 14% in the investment. The personnel was reduced 58% in number, and though wages were practically doubled, the pay roll percentage cost dropped.

An interesting case of simplification of records in department stores is the experiment being made by such stores as the Emporium, of San Francisco and the J. L. Hudson Company, of Detroit, in rendering their monthly statements to charge customers without detailing the items. If this statement form proves successful it will revolutionize our accounts receivable methods and cut down materially on office costs.

It is imperative that we analyze each and every operation under our supervision. If an operation can be eliminated, we must eliminate it, and if equipment, having been given a fair chance to demonstrate its usefulness, is found wanting we should insist on getting that kind of equipment manufactured that is best suited for retail stores.

You are all interested, I believe, in either the National Cash Register Company's telephone system of authorizing charges or the tube system. A recent questionnaire sent out from our Association's offices, on this subject brought out some very valuable information.

Users of the telephone system claim a speed of from 10 to 60 seconds for O. K.ing a charge, and say that they can O. K. from 175 to nearly 2,000 sales checks per day per operator, with an average of 900. Because of the speed with which charges can be O. K.ed, the stores claim there is very little complaint from customers regarding slow service.

With tubes, the average time in the larger stores is not so good, it being nearly four minutes. The maximum number of charges O. K.ed in one day was reported as 1,500, with an average of from 600 to 700. However, some credit managers believe that seeing the sales checks has a decided advantage to the authorizer because it precludes the possibility of misunderstanding a telephone conversation, or the sales person calling a smaller amount than the actual sale, erroneously or otherwise. It has the further advantage, in that messengers are not required to convey refer charges to the credit department, the tubes serving as messengers for that purpose.

It was disclosed that the majority of charges in department stores are for less than \$5.00. In view of this fact, could not the system employed, either telephone or tube, be relieved of the authorization of these charges? One store authorized over two million charge transactions last year without investigation of any kind and without materially increasing its percentage of bad debts. This resulted in very fast service, and, after all, it is service to customers that counts most. No doubt many sales were made which could not have been handled if the full burden of authorization had been placed with either a tube or telephone system. The experience of other stores along this line would be very interesting to all of us.

In summing up the results of this questionnaire, it was concluded that, if one were building a new store of any reasonable size, a telephone system of authorizing for "charge take-with" transactions should be installed; a delivery authorization for "charge send" transactions; a central wrapping station for "send" transactions from clerk wrap departments; cash registers for cash "take with" transactions; and tubes for the purpose of serving as mechanical messengers, using them for getting change, referring charges, etc.

It has been customary in the past to look to the architects and engineers for information as to the best equipment of this kind for a store. These men, in turn, would look to others for their information as they did not have the practical experience to guide them in reaching a decision. It is questionable, however, if this information can be intelligently transmitted without the actual experience. Should the decision not be rather left to those who are in daily contact with the working of telephones and tubes, and, if so, who is in a better position to judge the value of this equipment than the credit men and controllers?

These are only some of the problems for which a solution must be found. It is not many years ago that the store owners were loath to admit that the accountant could interpret the records so as to relate causes and effects more closely than they themselves could or would do. It is hard to realize now the length and roughness of the road the controller has since traveled. In the last five or six years, however, changes in business conditions have transpired that have been in his favor. The method of conducting business has taken on a more scientific phase. There will continue to be a greater tendency towards better and more intelligent management, with which development the controller and credit man must more than keep pace.

Had merchandise stocks been under better control when business collapsed so suddenly and violently in 1920, and had credits been handled on the basis of present-day information, these disturbances could have been minimized.

We cannot reduce business management to a formula, but the rule-of-thumb methods of the past have been superseded by the scientific methods of today.

It is our duty to give to our stores the best, the soundest, the least expensive method of conducting their business that is humanly possible.

## American Security FIDELITY SERVICE

A New Solution  
of an Old Problem

The new service that offers protection against losses through defalcations of employees. This service supplies the missing link so much needed by firms employing a large number of persons.

If you are not bonding your representatives at the present time, we offer you a plan that will practically eliminate your losses.

Details will be given in confidence to responsible firms upon inquiry.

Address  
FIDELITY SERVICE DIVISION



## The Collection Agency Bugaboo

(Continued from page 6)

pression, are being deprived of a flow of business which might be rightfully expected.

It is a sad reflection upon the profession of credit management that these vultures, preying upon the unsuspecting should have remained unmolested for so many years. A halt must be called. The credit men of the country must awaken to a realization of the scope of their obligation as extending beyond the narrow confines of their brass railings. They must join hands in a united effort to eliminate, one by one, those impediments to the improvement of any and all elements of their profession and surely at this moment there is no more forceful iconoclasm than that engendered by virtue of the very existence of the uninvestigated ruthlessly operated collection agency.

This prosecution procedure may be preceded by another course. The Retail Credit Men's National Association should attempt to compile a directory of all the reliable agencies in America. Through some accepted medium, preferably through the local associations, when such exist, or through the Retail Merchants Association when organized locals do not exist, invite the miscellaneous collection agencies to file application for entry in the directory, which would automatically presuppose the National's endorsement. The applications thus received by the National should be referred back to some sound medium of investigation, and be subject to entry in the directory only after such medium may see fit to endorse the application without reservation.

The required endorsement should be sacredly guarded, as in it will be involved the moral respectability of the agents of the National in the various localities. The honor of every person endorsing an agency will be at stake.

If there are a dozen agencies in a given community, all endorsed, it is my opinion that the whole dozen should be entered in the directory. On the other hand, if only one of the twelve is endorsed, that one alone should be entered in the directory, to be acceptable to the credit men of America who want to commend their business to firms or individuals of whom they need not be skeptical.

Such a directory would fill a long felt need in credit circles. There are few credit men in America who have not doubted, at one time or another, the responsibility of some agency to which it was necessary to entrust a claim. In many instances these same credit men

have been so fearful, that the commonly unsatisfactory procedure of reducing to judgment has been adopted. The directory would dispel the element of doubt. In the placing of a claim with an agency, the only obligation would be to turn to the directory and enjoy the satisfaction that the endorsement of the National should convey.

There would be two main results from this arrangement. The reliable agency would appreciate the confidence reposed in it by the credit men of the Nation, and the unreliable agency, recognizing the impossibility of its position would forsake the field, or attempt to reorganize according to accepted methods, and to seek recognition when such was merited.

There is another service that the National Association could render in this proposed readjustment of the collection agency situation, and that is the regulation of fees. At this moment every agency assesses its fees on its own basis and no one can know whether or not he is paying more or less than a fair charge for the service. The writer has heard very few complain of undercharge, but there is a customary howl that the collection agencies generally overcharge. There must be some charge and that charge may be easily determined if a committee capable of fair-mindedness would undertake the task of so doing.

The writer feels, after a number of years experience with every type of agency, that the highest fees paid are often the lowest in the long run. This is on the hypothesis, of course, that the most efficient agencies have taxed him the most. It is only when the higher fee is collectible that the more efficient collection experts will be attracted to this field.

This fee basis should not be arrived at upon consideration of the age of the account. This is a ruse on the part of many agencies to gouge their clients. One bad account is as difficult of collection as another, at least up to the point of expiration by limitation, which varies with the states. There should be only two fees assessable—one for the account that is still "alive" and the other for the account that has been outlawed. These fees should obviate extra charges, and should cover every contingency that might arise in the collection of the claim. Twenty-five per cent for the former and thirty-three and a third per cent for the latter would appear at first thought as fair and equitable.

There is one point that is a fact and certainty however, and that is; whatever the fee agreed upon, it should be liberal in favor of the agency, with a

privilege of recall when the service rendered by the agency in a maximum period of time, has not been what might have been reasonably expected.

Some action on the matter of the collection agency should be taken. Every credit association in America should resolve to give some attention to this urgency and by investigation satisfy itself as to the legitimacy of the transactions of its home town agency or avail itself of the opportunity of destroying it and replacing it with something substantial, built upon a plan embodying the ethics of the profession of retail credits.

## Credit

*With Apologies to W. Shakespeare*

The quality of Credit is not strained,  
It cometh as the saving grace of many  
Upon ungrateful heads. It is cursed  
and blessed:

It curseth him that gives and blesseth  
him that takes.

'Tis mightiest in the mightiest. It becomes

The monarch of Business, all-powerful  
in its sway;

Its sceptre leads the wise to fame and  
power,

But fools to loss and bankruptcy,  
Wherein doth sit the ghosts of dead  
accounts.

But Credit is above this sceptred sway;  
It is cherished in the hearts of men;  
It is an attribute of God and Devil,  
And giv'n too freely dost oft show likest  
Devil,

When payment doth not follow. Therefore,  
Merchant,

Though dollars be thy plea, consider  
this—

That in our itch for dollars, none of us  
Should lose control of credit; we do  
pray for dollars,

But that same prayer doth teach us all  
to render

Care in Credit.

—Paraphrased by John K. Emerson,  
Canon City, Colorado.

## Refer All Inquiries To Your Bureau

When John calls Tom by phone and asks information about Bill, what happens? John gets the information; but what about you? You may have a financial interest in Bill's standing, but John's direct call to Tom has run that information AROUND your Credit Association instead of THROUGH it. Information which should be in the files for your benefit, as well as for all members, is short-circuited. Make a practice to refer all inquiries to your Association, and to make all inquiries through it.—*Columbus News Bulletin*.

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